A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

SEPTEMBER, 1984

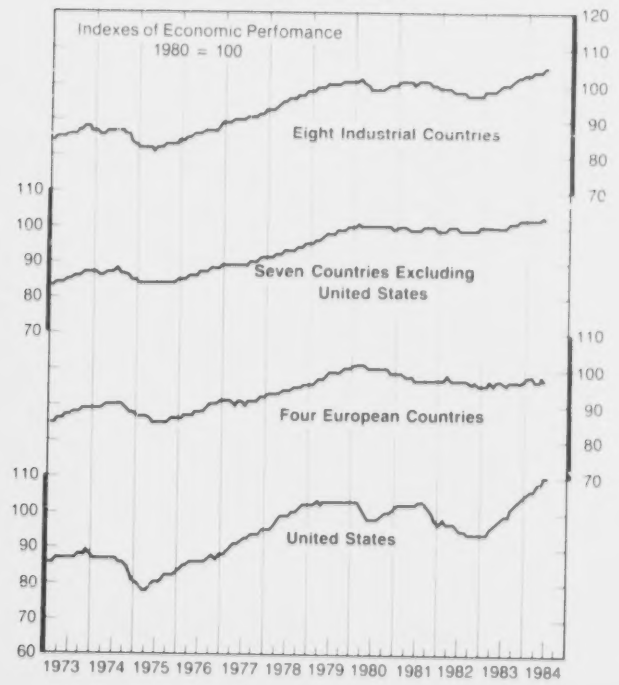
SUMMARY

In most of the major industrial countries, the current expansion is showing signs of slowing down. The most pronounced slowing is in the United States, where the growth rate of the leading index is down to 2%, only half that for the other seven countries combined. Japan continues to show the most rapid growth in its leading index (8%) though it, too, is down considerably from its high. The only country with a leading index that is underperforming the U.S. is the United Kingdom, where the business-cycle recovery has stalled, due at least in part to the continuing coal strike. The economic performance (coincident) indexes continue to rise slowly in Canada, Japan and the United Kingdom and rapidly in the U.S. where the slowdown in the leading index is only just beginning to affect performance. In Germany, where there have been strikes, and in France and Italy there is some evidence that the recovery may be in difficulty. The Australian picture, rapid expansion now beginning to slow down, appears to be following the U.S. pattern.

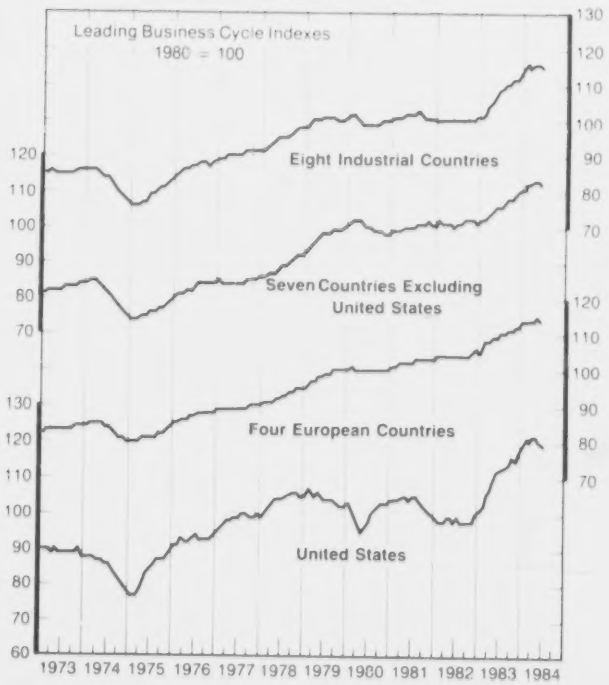
	Ten-year Growth Rate 1969-79	Indexes of Economic Performance Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Leading Business Cycle Indexes Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Current Reading on the Cycle	Latest Month Covered
	annual rates, percent								
United States	3	13	12	10	15	10	2	Expansion slowing	July
Canada	4	6	3	3	10	7	5	Expansion slowing	June
United Kingdom	2	3	1	1	4	4	0	Recovery stalling	June
West Germany	3	3	*	- 3	9	7	3	Recovery slowing	June
France	4	- 1	- 1	0	8	7	4	Recovery slowing	June
Italy	3	- 1	- 3	- 2	3	8	3	Leaders slowing; economy weak	Mar./Apr.
Japan	5	4	4	3	12	10	8	Expansion slowing	June
Australia	4	12	15	11	15	16	7	Expansion slowing	June
8 countries	4	5	5	5	11	9	4	Expansion slowing	June
7 countries ex. U.S.	4	2	1	1	9	8	4	Recovery slowing	June
4 European countries	3	1	0	0	7	6	2	Recovery stalling	June

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are


Indexes of Economic Perfomance
1980 = 100
Eight Industrial Countries
Seven Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

Where We're Headed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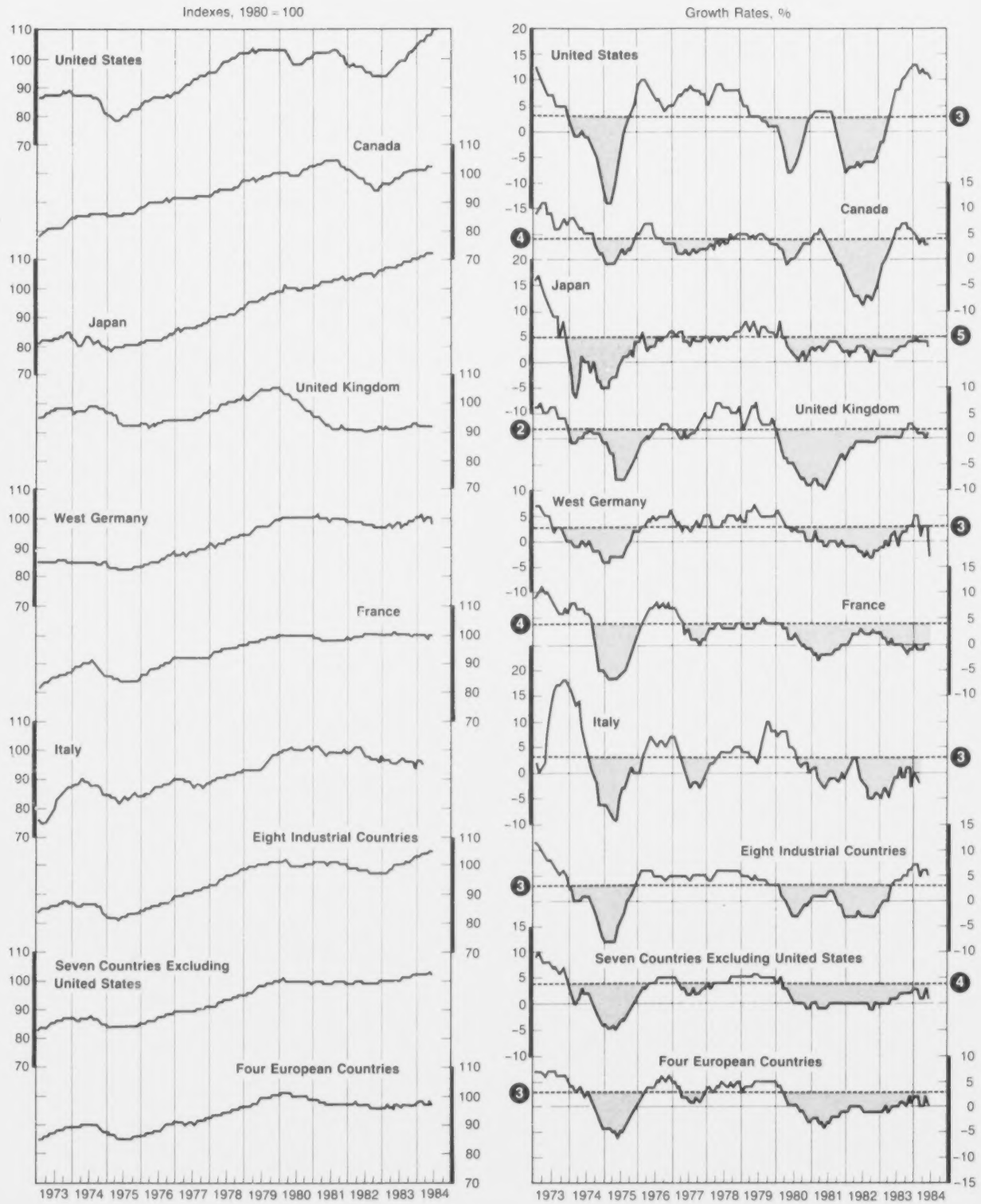
Where We Are

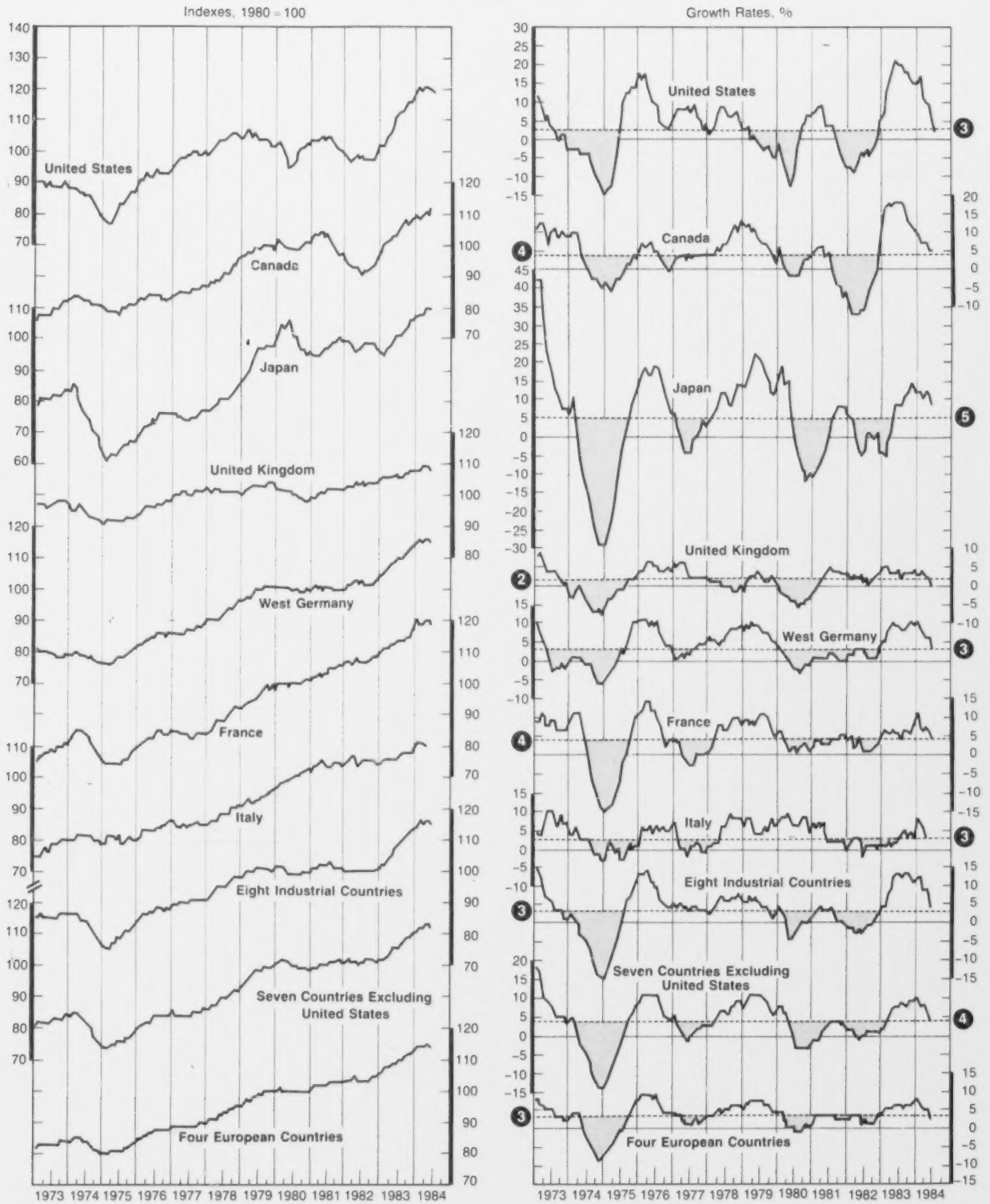
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

INDEXES, EIGHT COUNTRIES, 1982-84

		U.S.		Canada		U.K.		West Germany		France		Italy		Japan		Australia		8 Countries		7 Countries ex. U.S.		4 Countries Europe	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf	Lead
Dec.	82	94	100	95	95	91	104	97	104	100	108	96	105	106	96	89	88	97	101	100	101	96	105
Jan.	83	94	101	96	98	91	105	97	105	100	109	96	105	106	95	89	90	98	101	100	102	96	106
Feb.	83	94	102	96	100	91	106	97	105	100	111	96	106	107	94	90	91	98	102	100	102	96	107
Mar.	83	95	105	97	101	91	106	98	107	100	111	96	106	107	96	88	93	98	104	100	103	97	108
Apr.	83	96	107	97	102	91	106	97	108	100	112	95	106	102	107	86	95	98	105	100	104	96	108
May	83	97	109	98	103	91	106	98	109	101	112	96	106	107	99	84	98	99	107	100	105	97	109
June	83	98	111	99	104	91	106	98	109	100	112	96	106	108	101	85	99	100	108	100	106	97	109
July	83	99	112	99	105	91	107	97	110	100	113	96	107	108	101	86	101	100	109	100	106	96	101
Aug.	83	99	113	100	107	91	106	98	110	100	113	97	108	109	102	86	104	100	110	101	107	97	110
Sept.	83	101	114	100	108	92	107	98	111	100	114	96	108	109	103	87	104	101	110	101	108	97	111
Oct.	83	102	116	101	107	92	107	99	112	99	115	96	108	109	104	90	102	102	112	101	108	97	111
Nov.	83	103	116	101	108	93	107	99	113	100	115	96	108	110	106	91	101	102	112	102	109	97	112
Dec.	83	104	117	101	109	93	108	100	114	100	117	94	108	110	106	93	105	103	113	102	110	97	113
Jan.	84	105	119	101	110	92	108	100	115	100	120	96	111	110	107	93	107	103	114	102	111	98	114
Feb.	84	106	121	101	109	92	108	101	116	100	119	96	111	111	108	93	111	104	116	102	112	98	114
Mar.	84	106	120	101	110	92	109	99	115	100	119	95	111	111	108	95	110	104	115	102	112	97	114
Apr.	84	108	121	102	111	92	109	100	116	99	120		110	112	110	97	109	104	116	102	113	97	114
May	84	108	121	102	110	92	109	100	116	100	120			112	110	99	110	105	116	103	113	98	115
June	84	110	120	102	112	92	108	98	115	100	119			112	110	97	109	105	115	102	112	97	114
July	84	110	119																				
		Growth Rates, Percent																					
Dec.	82	-4	5	-5	6	0	3	-2	4	2	3	-4	1	1	-4	-22	-4	-2	2	0	1	-1	3
Jan.	83	-2	6	-2	13	0	4	-1	5	2	4	-5	1	1	-4	-20	1	-1	4	0	2	-1	4
Feb.	83	-2	7	-1	16	0	5	-1	5	1	7	-4	1	1	-5	-18	3	0	4	0	2	-1	5
Mar.	83	0	13	1	17	0	5	0	7	1	6	-3	2	1	-1	-19	7	0	8	0	4	0	5
Apr.	83	2	15	2	18	0	3	-1	8	0	6	-5	1	1	1	-20	12	1	9	0	5	-1	5
May	83	5	18	4	17	0	3	1	10	1	7	-3	2	1	6	-21	18	3	12	1	7	0	6
June	83	7	21	5	18	0	3	2	9	0	6	-1	2	2	8	-16	19	4	13	1	7	0	6
July	83	8	20	6	18	0	4	-1	9	0	6	0	3	2	8	-11	21	4	13	1	8	0	6
Aug.	83	8	20	6	18	1	2	1	8	0	5	1	4	3	8	- 8	25	4	12	2	8	1	5
Sept.	83	10	18	7	17	2	3	2	8	-1	7	-1	5	3	11	- 4	20	5	13	2	9	1	6
Oct.	83	11	18	7	13	2	3	2	9	-2	7	-1	3	4	12	3	13	5	13	2	8	1	6
Nov.	83	11	16	6	12	3	3	3	10	-1	6	1	4	4	14	8	9	6	12	2	9	2	6
Dec.	83	12	15	6	10	3	4	3	9	-1	8	-3	3	4	12	12	15	6	11	2	9	1	7
Jan.	84	13	15	5	9	2	3	5	10	0	11	0	8	4	12	11	16	7	12	3	10	2	8
Feb.	84	13	17	4	7	1	3	5	9	-1	8	-1	7	5	12	11	21	7	12	3	9	2	7
Mar.	84	11	12	3	7	1	4	1	7	-1	7	-2	6	4	10	15	16	5	9	1	8	0	6
Apr.	84	12	10	4	7	1	3	3	6	-1	8		3	4	12	16	12	6	9	1	8	0	5
May	84	11	9	3	5	0	2	3	5	0	7			4	11	18	11	6	8	3	7	2	5
June	84	11	5	3	5	1	0	-3	3	0	4			3	8	11	7	5	4	1	4	0	2
July		10	2																				
		Ten Year Annual Growth Rate, Percent																					
1969-79		3	3	4	4	2	2	3	3	4	4	3	3	5	5	4	4	4	4	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations as well as the leading indexes. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across the Board,* April 1980 and *Business Cycles, Inflation and Forecasting,* Ballinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however. Constant monitoring is needed to make effective use of the system and get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationary trends.

The indexes for the eight industrial nations—Australia is added to the report with this issue (in the charts next month)—were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates, 1969-79, are equal to those in real GNP in the country concerned. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

For More Information

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to:

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